

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

NEGOTIATED NONCOMPETITIVE LEASE FOR
SAND, GRAVEL AND SHELL RESOURCES ON THE
OUTER CONTINENTAL SHELF

This form does not constitute an information collection as defined by
44 U.S.C. 3502 and therefore does not require approval by the Office of
Management and Budget.

Office

Washington, DC

Lease number

OCS-A ____

This lease, is made under the authority of Section 8(k)(2)(A)(i) of the Outer Continental Shelf Lands Act of August 7, 1953 (43 U.S.C. 1331 et seq.), P.L. 95-372, as amended by P.L. 103-426, (hereinafter called the "Act"), between the United States of America (hereinafter called the "Government"), acting through the Minerals Management Service (hereinafter called the "Lessor"), and _____ (hereinafter called the "Lessee"). In consideration of the promises, terms, conditions, covenants, and stipulations contained herein or attached hereto, the parties mutually agree as follows:

Section 1. Lease Area. Under the terms and conditions of this lease, the Government hereby conveys rights to, and authorizes the removal of, the material listed in Section 2. Such rights include the right of the Lessee to remove such material prior to the expiration of this lease, on the following described lands:

Section 2. Amount and Fee for Materials. The total fee shall be determined by multiplying the total quantity of each kind of mineral material designated for removal, by the respective fee per unit as set forth below.

| Kind of Materials | Quantity (Units Specified) | Fee Per Unit | Total Fee |
|-------------------|-------------------------------|----------------|-----------|
| Sand | | per cubic yard | |
| | | | |
| | | | |
| Total: | | | |

Section 3. Statutes and Regulations. This lease is issued subject to the Act (43 U.S.C. 1337(k)(2)(A)(i)), all regulations, orders, guidelines, and directives issued pursuant to the Act and in existence upon the Effective Date of this lease, all regulations, orders, guidelines, and directives subsequently issued pursuant to the Act that provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf (OCS) and the protection of correlative rights therein, and all other applicable statutes and regulations.

Section 4. Expiration of Lease. This lease shall expire * unless an extension of time is applied for by the Lessee and granted in writing by the Lessor. Written application for an extension of time shall be made by the Lessee not less than thirty (30) nor more than ninety (90) days prior to the expiration of the lease.

Section 5. Bonds. The Lessee shall maintain the bond(s) coverage specified in Lease Term of this lease. If, after operations have begun, the Lessor deems additional security necessary, the Lessee shall, on behalf of the Lessor, request the Contracting Officer of the U.S. Army Corps of Engineers (USACE) to require additional security from their Contractor and to modify their contract to reflect the additional bonding requirement.

Section 6. Notice of Operations. After the Lessee receives notification by the USACE of the commencement and the termination of operations hereunder, the Lessee shall immediately notify the Lessor of such commencement or termination, as the case may be.

Section 7. Plans. This lease is only valid if all operations in the leased area are conducted in accordance with the project plan. The Lessee shall request the Contracting Officer to require compliance by their Contractor and incorporate binding language to that effect in their contract. Modifications to the project plan which affect the leased area shall be submitted by the Lessee to the Lessor for review and comment, or such submittals shall be made on behalf of the Lessee by the Contracting Officer.

Section 8. Performance. The Lessee shall assure that all operations in the leased area are conducted in accordance with all applicable regulations, orders, guidelines, and directives and the terms and conditions set forth in this lease. For such assurances, the Lessee shall request the Contracting Officer to require compliance by their Contractor and incorporate binding language to that effect in their contract. This lease is only valid if the Contractor is contractually bound to conduct Federal OCS mining activities authorized by this lease in a manner that does not: (1) interfere with or endanger operations under any lease issued or maintained pursuant to the Act, (2) cause any undue harm or damage to aquatic life, (3) cause pollution, (4) create hazardous or unsafe conditions, (5) unreasonably interfere with or harm other uses of the leased area, or (6) disturb cultural resources.

Section 9. Safety Requirements. The Lessee shall request the Contracting Officer to require that all necessary steps be taken to assure that their Contractor: (1) maintain all operations within the leased area in compliance with regulations, orders, guidelines, and directives intended to protect persons, property, and the environment, including mineral deposits and formations of mineral deposits not leased hereunder, and (2) allow prompt access, at the site of any operation subject to safety regulations, to any authorized Federal inspector and shall provide any documents and records that are pertinent to occupational or public health, safety, or environmental protection as may be requested. This lease is only valid if such steps are incorporated in the contract between the Contractor and the USACE.

Section 10. Responsibility for Damage to Materials Not Leased. The Lessee shall hold and save Lessor free from all damages for the loss or destruction of any Government property not conveyed under this lease arising from any operation authorized by this lease resulting from any act or omission on the part of the Lessee or any of the Lessee's contractors or subcontractors. A contractor of the Lessee shall mean any person or entity which has contracted directly with the Lessee for the performance of services. A subcontractor of the Lessee shall mean any person or entity which has contracted with a contractor of the Lessee for the performance of services. The Lessee shall not be liable to the Lessor nor does the Lessee assume responsibility for any damages or loss of Government property due to the fault of the USACE or any of its contractors or subcontractors.

The indemnification given by the Lessee in this Section, relates only to the negligent acts or omissions of the Lessee, its officers, employees and agents. Such indemnification is not to be construed as a further waiver of sovereign immunity in excess of any existing legislative waiver of sovereign immunity that may be required by State Statutes. Such indemnification shall be subject to and governed by any existing provisions and limitations contained in such State Statutes.

Section 11. Violations, Suspensions and Cancellations. If the Lessee violates any provisions of this lease, the Lessor may, after giving written notice, suspend any further operations of the Lessee under this lease, except such operations as may be necessary to remedy any violations. If the Lessee fails to remedy all violations within thirty (30) days after receipt of suspension notice, the Lessor may, by written notice, cancel this lease and take appropriate action to recover all damages suffered by the Government by reason of such violations, including application toward payment of such damages of any advance payments and any performance bonds.

Section 12. Responsibility for Damages Suffered, Costs or Expenses Incurred by the Government.

The Lessee shall be liable for any damages suffered, costs or expenses incurred by the Government arising out of any operations conducted directly by the Lessee, any contractor or subcontractor of the Lessee, as heretofore defined, under this lease whenever such damage, cost or expense results from any breach of this lease by the Lessee or from the wrongful or negligent act or omission (including the failure of the Lessee to remove anything from the material received from the Lessor's property which causes death, personal injury or damage to property) of the Lessee or its employees, or the Lessee's contractors, subcontractors, or their employees. The Lessee shall not be liable to the Lessor nor does the Lessee assume responsibility for any damages or other losses incurred by the Government occurring as a result of any act or omission of the USACE or any of its contractors or subcontractors. This indemnification is not to be construed as a further waiver of sovereign immunity in excess of any existing legislative waiver of sovereign immunity that may be required by State Statutes. Such indemnification shall be subject to and governed by any existing provisions and limitations contained in such State Statutes. The Lessee shall pay the Lessor for such damage, cost or expense attributable to its breach or negligence or that of its employees, contractors, subcontractors, or their employees within ninety (90) days after a written demand therefor by the Lessor. The Government does not convey any warranty with the conveyed material.

Section 13. Assignment or Transfer of Lease. This lease may not be assigned or transferred without written approval of the Lessor.

Section 14. Surrender of Lease. The Lessee may surrender this lease by filing with the Lessor a written relinquishment that shall be effective on the date of filing.

THE UNITED STATES OF AMERICA, Lessor

(Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

(Title)

(Date)

Attested: Corporation Secretary

(Date)

(Address of Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

(Title)

(Date)

If this lease is executed by a corporation, it must bear the corporate seal.